



# TEXAS HOUSING INSIGHT

**JAMES P. GAINES**  
CHIEF ECONOMIST

**WESLEY MILLER**  
RESEARCH ASSOCIATE

**LUIS B. TORRES**  
RESEARCH ECONOMIST

**PAIGE WOODSON**  
RESEARCH INTERN

**2 1 2 0**

MARCH 2019 DATA

**TECHNICAL REPORT**

<b>March 2019 Summary</b> .....	4
Residential Construction Coincident Indicator .....	7
Vacant Developed Lots .....	7
Single-Family Housing Construction Permits.....	8
Texas Housing Construction Permits .....	8
Major Metros Single-Family Housing Construction Permits .....	9
Total Housing Starts Per Capita .....	9
Major Metros Single-Family Starts .....	10
Total New Private Single-Family Construction Value .....	10
Total Months of Inventory.....	11
Texas Months of Inventory by Price Cohort .....	11
Texas Current Months of Inventory by Price Cohort.....	12
Texas Existing and New Home Months of Inventory .....	12
Major Metros Existing Home Months of Inventory .....	13
Major Metros New Home Months of Inventory .....	13
<b>Demand</b> .....	14
Total Housing Sales.....	14
Texas Total Housing Sales by Price Cohort .....	14
Major Metros Total Housing Sales .....	15
Major Metros New-Home Sales .....	15
Texas Homes Days on Market .....	16
Major Metros Existing Homes Days on Market.....	16
Major Metros New Homes Days on Market.....	17
Home Ownership Rate.....	17
Major Metros Home Ownership Rate .....	18
Texas Home Days on Market by Price Cohort .....	18
30-Year Mortgage Rate and 10-Year Treasury Yield .....	19
Texas Mortgage Applications .....	19
<b>Prices</b> .....	20
Real Estate Center Repeat Sales Housing Price Index .....	20
United States Existing and New Home Median Sales Price.....	20
Texas Existing and New Home Median Sales Price .....	21

Major Metros Existing Home Median Sales Price .....21  
Major Metros New Home Median Sales Price .....22  
Texas Home Median Price Per Square Foot .....22  
Major Metros Existing Home Median Price Per Square Foot.....23  
Major Metros New Home Median Price Per Square Foot.....23  
Texas Home Sale Price to List Price .....24  
Major Metros Existing Home Sale Price to List Price .....24  
Major Metros New Home Sale Price to List Price .....25

## About this Report

Real Estate Center economists continuously monitor many facets of the global, national, and Texas economies. *Texas Housing Insight* is a summary of important economic indicators that help discern trends in the Texas housing markets. All monthly measurements are calculated using seasonally adjusted data, and percentage changes are calculated month-over-month, unless stated otherwise.

This monthly publication provides data and insights on the Texas housing markets. We hope you find them useful. Your feedback is always appreciated. Send comments and suggestions to [info@recenter.tamu.edu](mailto:info@recenter.tamu.edu).

Dr. James Gaines, Dr. Luis Torres, Wesley Miller, and Paige Woodson

Data current as of April 30, 2019

© 2019, Real Estate Center. All rights reserved.

## March 2019 Summary

Texas housing sales increased 1.6 percent during the first quarter amid lower mortgage rates and decreased price pressure. Single-family supply indicators were generally favorable with stable lot development, permit issuance, and housing starts. Single-family private construction values, however, contradicted this trend and extended a five-month slide. The average days on market (DOM) bumped above 61 days, primarily due to adjustments in the North Texas market. Lower mortgage rates provided incentives for prospective purchasers, but housing affordability remained a challenge across the state and weighed on homeownership rates. Despite tepid trends on both the demand and supply side, Texas' robust economy and population growth maintained an overall healthy housing market.

### Supply\*

The Texas **Residential Construction Cycle (Coincident) Index**, which measures *current* construction activity, staggered as construction values trended downward. A slowdown in construction permits hindered the **Residential Construction Leading Index**, outweighing steady single-family activity. Lower interest rates and the extended economic expansion, however, should support the industry in coming months.

Supply-side activity remained stable at the earliest stage of the construction cycle as builders rushed to satisfy pent-up demand for homes priced less than \$300,000. The number of **new vacant developed lots** (VDLs) balanced in Houston after sliding late last year, while jumping to a post-recessionary high in San Antonio. Growth in these metros occurred primarily in the \$200,000-\$300,000 sale-price range. Austin VDLs maintained solid year-over-year (YOY) growth but showed signs of cooling due to continued constraints at the lower end of the market. Dallas-Fort Worth (DFW) was the exception where last year's sale slowdown led to decreased lot development across the price spectrum.

Single-family housing construction permits stabilized with VDLs after a sharp drop in December. In San Antonio, permits returned to typical levels (around 620 in March) after significant volatility to start the year. Houston and DFW remained the national leaders, issuing 3,168 and 2,679 monthly permits, respectively. North Texas development shifted toward the suburbs, supporting activity in Fort Worth. Austin ranked fifth nationally with nearly 1,300 monthly permits issued. Overall, Texas permit activity outpaced the rest of the nation, but growth has normalized compared with early 2018.

**Total Texas housing starts** trended upward amid solid single-family construction. Nearly 23,500 single-family homes broke ground in the Texas Urban Triangle during the first quarter, two-thirds of which were in DFW and Houston. Central Texas starts, however, posted double-digit quarterly growth with Austin and San Antonio outpacing the larger metros in per capita terms. In contrast,

---

\* All monthly measurements are calculated using seasonally adjusted data, and percentage changes are calculated month over month, unless stated otherwise.

**single-family private construction values** fell across the state. While luxury-home construction has stalled over the past year, the new-home price distribution does not explain the persistent decline in construction values.

The supply expansion pushed **Texas' months of inventory (MOI)** upward, but the metric held below four months. A total MOI around six months is considered a balanced housing market. The MOI for homes priced below \$300,000 appears to be retracting after marginal relief last year. The supply of active listings dropped to 2.9 months for homes priced less than \$200,000 and below 3.3 months in the \$200,000-\$300,000 range. A slowdown in the rate of Multiple Listing Service (MLS) listings hitting the market weighed on inventories at the lower end of the market.

New MLS listings fell for the second straight month across the major metros, putting downward pressure on the MOI. Austin's supply of active listings dropped to a seven-month low at 2.6 months. The MOI expansion paused in North Texas, settling at 3.4 and 2.6 months in Dallas and Fort Worth, respectively. On the other hand, Houston and San Antonio's MOI reached multiyear highs at 4.1 and 3.7 months, respectively.

## **Demand**

Texas **total housing sales** increased 1.6 percent during the first quarter as lower mortgage rates and more moderate price pressure provided some breathing room in constrained markets. The \$200,000-\$300,000 price cohort posted the strongest quarterly sales growth at 3 percent. New-home sales, however, continued to struggle and forced builders to shift toward lower-priced projects.

While the new-home market adjusted in North Texas, a rebound in resale transactions pushed up total sales in both Dallas and Fort Worth. Similarly, Austin's resale market led to 3.8 percent growth in first-quarter closed listings. San Antonio activity increased in both the existing- and new-home markets, pushing quarterly sales up 6.5 percent. Houston was the only major metro to post a first-quarter decline, primarily due to stagnation in the \$300,000-\$500,000 price range.

While sales were positive, Texas' **average days on market** ticked above 61 days for just the second month since 2014, increasing across the major metros. San Antonio's DOM tracked the state-wide average, despite solid housing-market activity over the past year. Austin and Houston moved similarly, with homes averaging 58 days on the market. North Texas activity continued to normalize after a prolonged period of imbalances. The Dallas DOM surpassed 53 days for the first time since 2013 while Fort Worth reached a three-year high at 44 days.

Decreased affordability, ballooning student debt, and aging demographics pulled the first-quarter **homeownership rate** down to 64.3 and 61.8 percent in the U.S. and Texas, respectively. The Texas metric peaked around 67 percent before the housing crisis. Homeownership rates were lower in metros with waning affordability, falling to 57.2 and 59.5 percent in Austin and DFW, respectively. The Houston rate wavered but held just above 60 percent. San Antonio's homeownership rate remained elevated at 64.4 percent and trended upward amid the current regional expansion.

Well-anchored inflation expectations combined with continued concerns of global economic growth pulled interest rates down for the fifth consecutive month. The **ten-year U.S. Treasury bond yield** fell to an annual low of less than 2.6 percent, while the **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** dropped below 4.3 percent. Texans capitalized on lower rates, pushing mortgage applications for home purchases up 14.6 percent in the first quarter. The impact should support housing demand, particularly in markets struggling with affordability constraints. Refinance mortgage applications, which are more sensitive to interest rate fluctuations, increased 33.4 percent over the same period.

## Prices

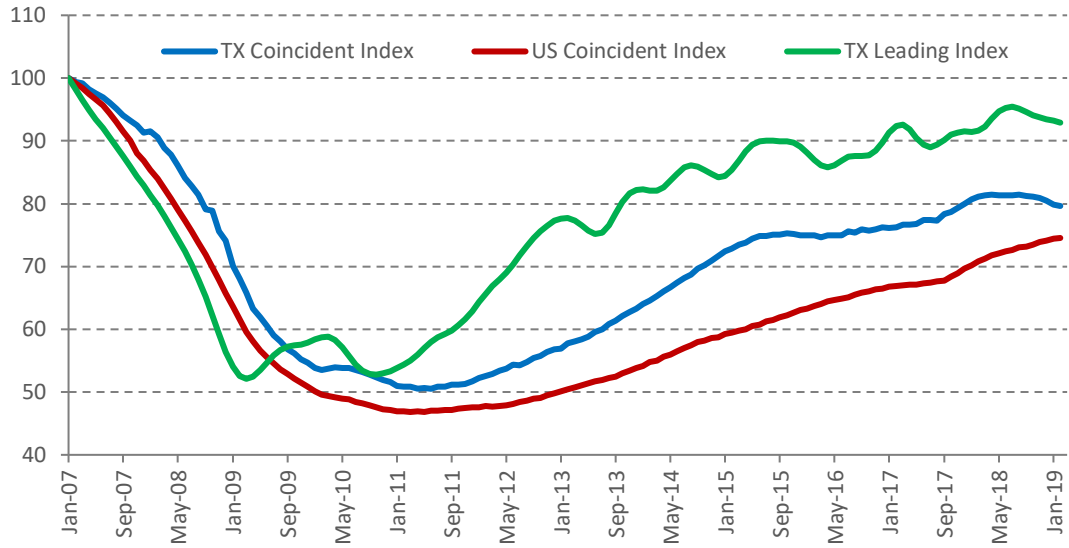
In addition to lower mortgage rates, home price appreciation continued to moderate. The **Texas median home price** balanced around \$235,800, just 2.3 percent above year-ago levels. While still increasing, home prices are no longer soaring at double-digit levels YOY like in 2017. Austin and Dallas maintained the highest median price at \$300,700 and \$285,500, respectively, but remained on a flat trajectory. The Houston (\$239,900) and San Antonio (\$226,600) median maintained steady YOY growth above 3 percent. On the other hand, the Fort Worth median price increased nearly \$5,000 between February and March, surpassing a record-high \$240,500 and 5 percent YOY growth.

The **Texas Repeat Sales Index** corroborated the moderation in price growth, balancing at 4.1 percent YOY. The Austin and Dallas indices rose 4.2 and 3.0 percent, respectively, despite little movement in median price. Houston (3.1 percent) and Fort Worth's (4.8 percent) metric followed median-price movements. The San Antonio index increased 5 percent YOY, capturing more appreciation than indicated by the metro's median.



**Supply**

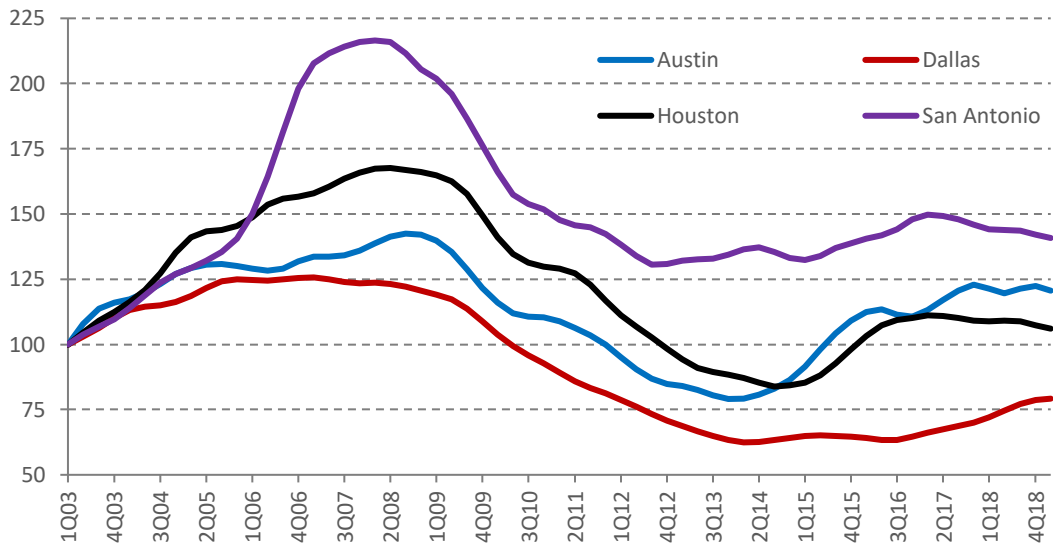
**Residential Construction Coincident Indicator**  
(Index Jan 2007 = 100)



Note: Trend-Cycle Component.

Sources: Real Estate Center at Texas A&M University and Federal Reserve Bank of Dallas

**Vacant Developed Lots**  
(Index Q1 2003 = 100)

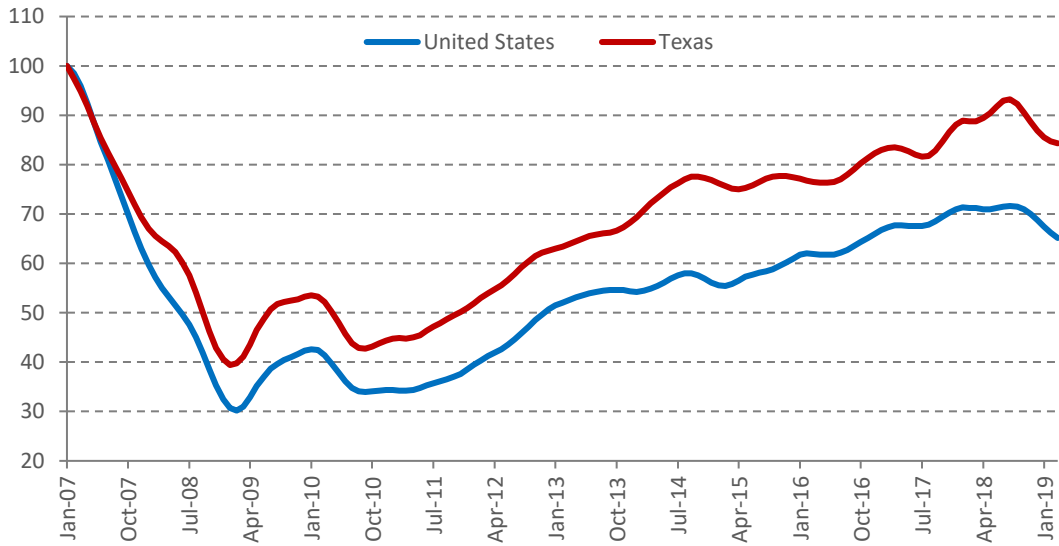


Note: Trend-Cycle Component.

Source: Metrostudy



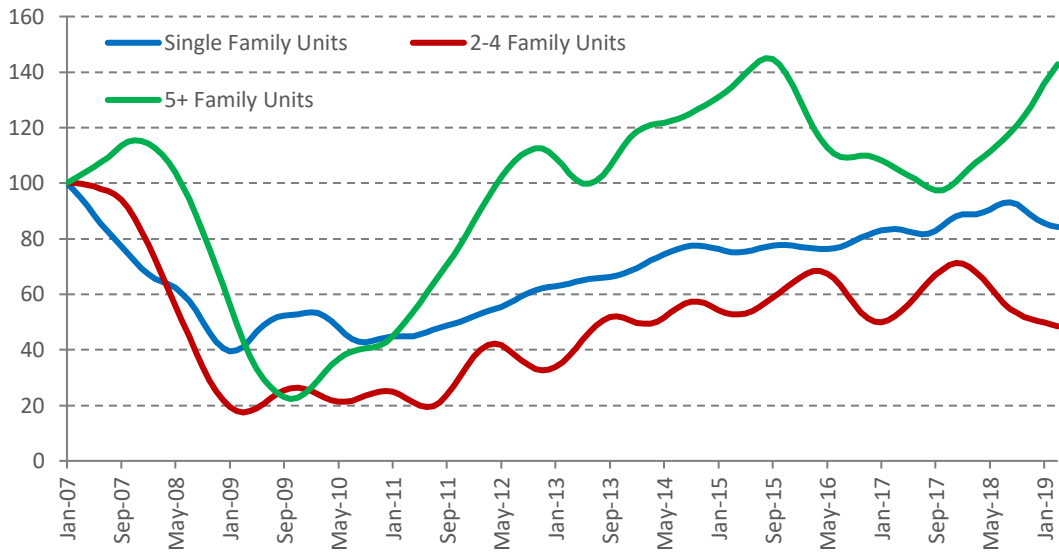
**Single-Family Housing Construction Permits**  
(Index Jan 2007 = 100)



Note: Trend-Cycle Component.

Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

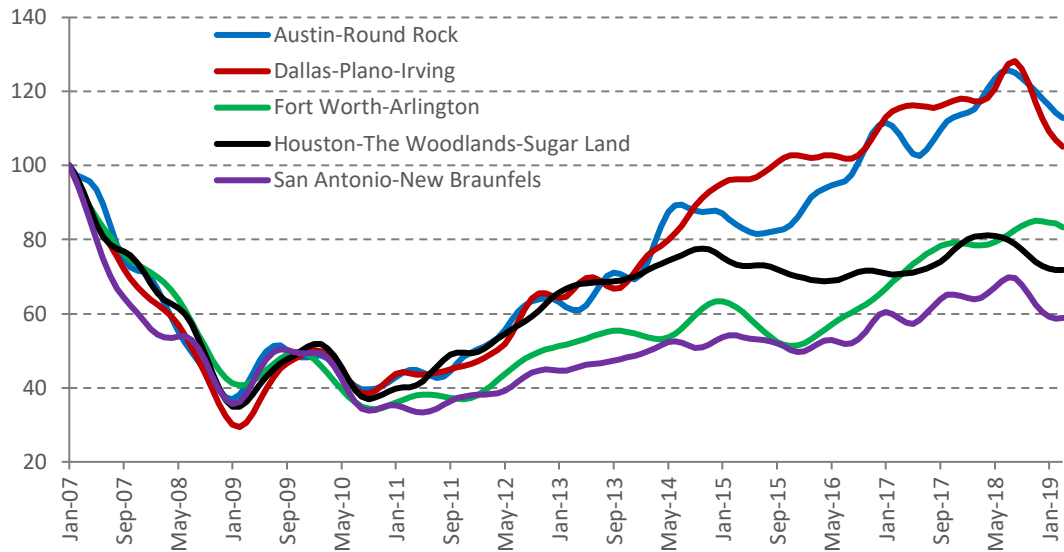
**Texas Housing Construction Permits**  
(Index Jan 2007 = 100)



Note: Trend-Cycle Component.

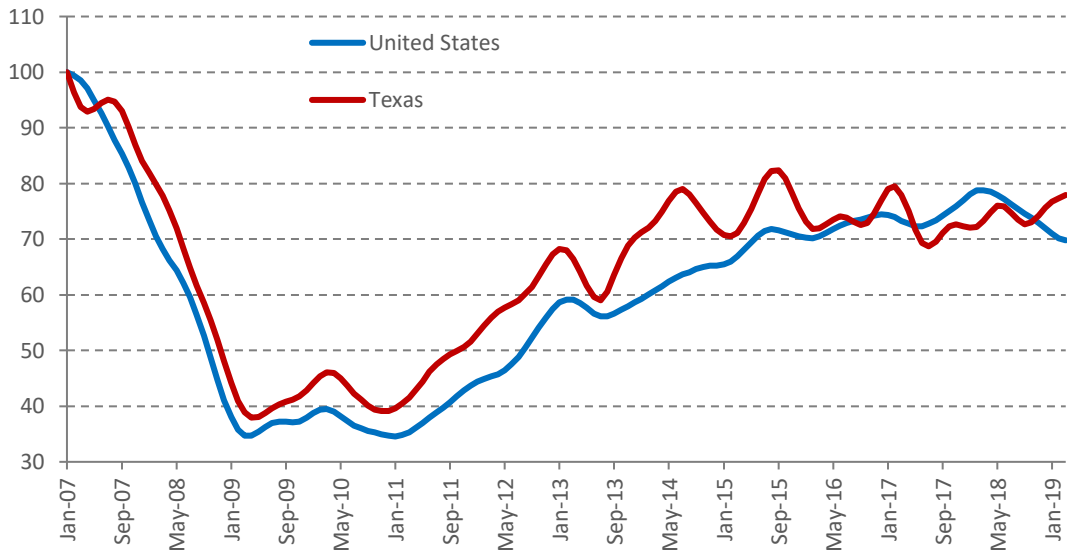
Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

### Major Metros Single-Family Housing Construction Permits (Index Jan 2007 = 100)



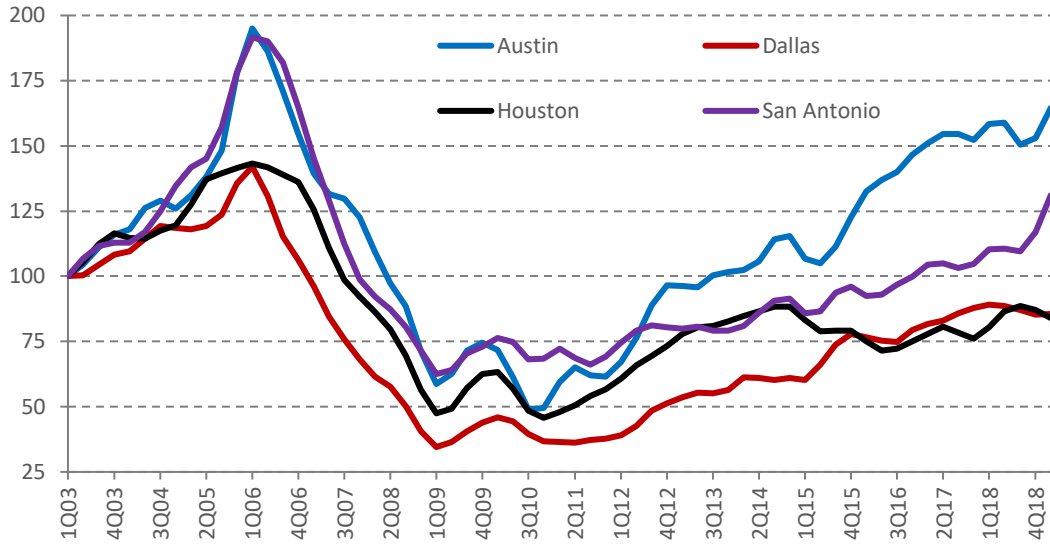
Note: Trend-Cycle Component. Fort Worth is missing data for Somervell County.  
Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

### Total Housing Starts Per Capita (Index Jan 2007 = 100)



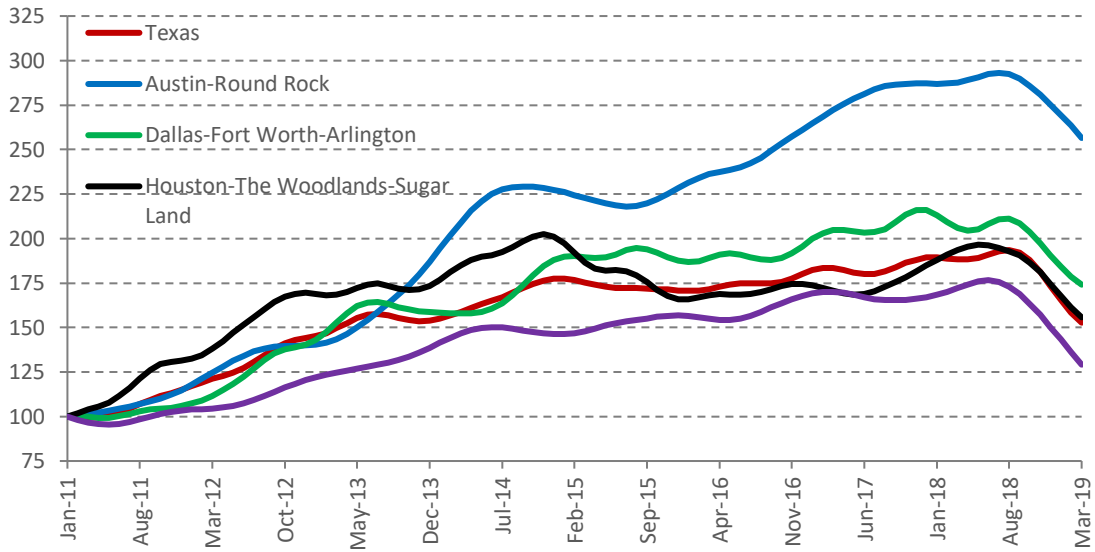
Note: Trend-Cycle Component.  
Sources: U.S. Census Bureau and Bank of Tokyo-Mitsubishi UFJ

### Major Metros Single-Family Starts (Index Q1 2003 = 100)



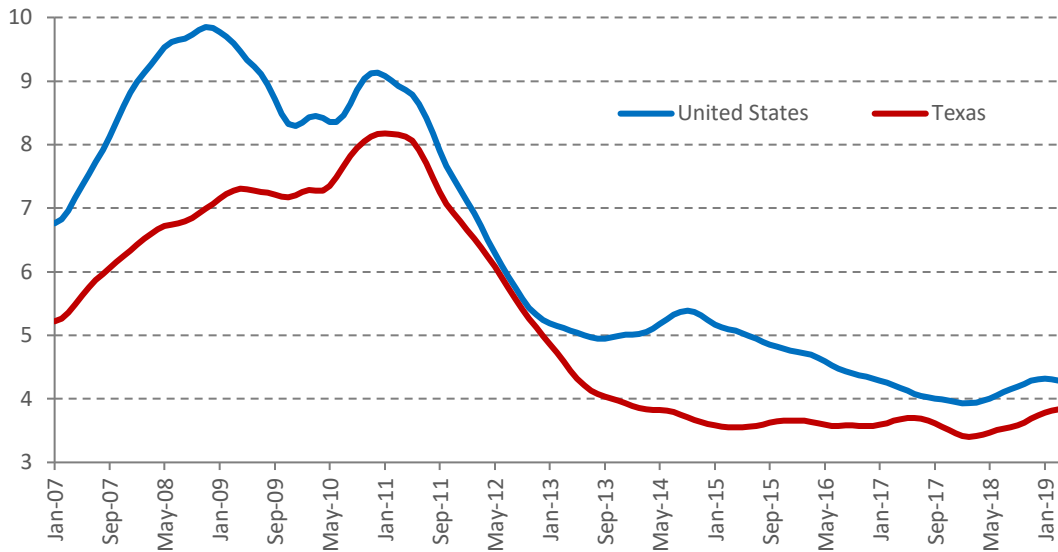
Note: Trend-Cycle Component.  
Source: Metrostudy

### Total New Private Single-Family Construction Value (Index Jan 2011 = 100)



Note: Inflation adjusted. Trend-Cycle Component.  
Source: Dodge Analytics

### Total Months of Inventory (Months)

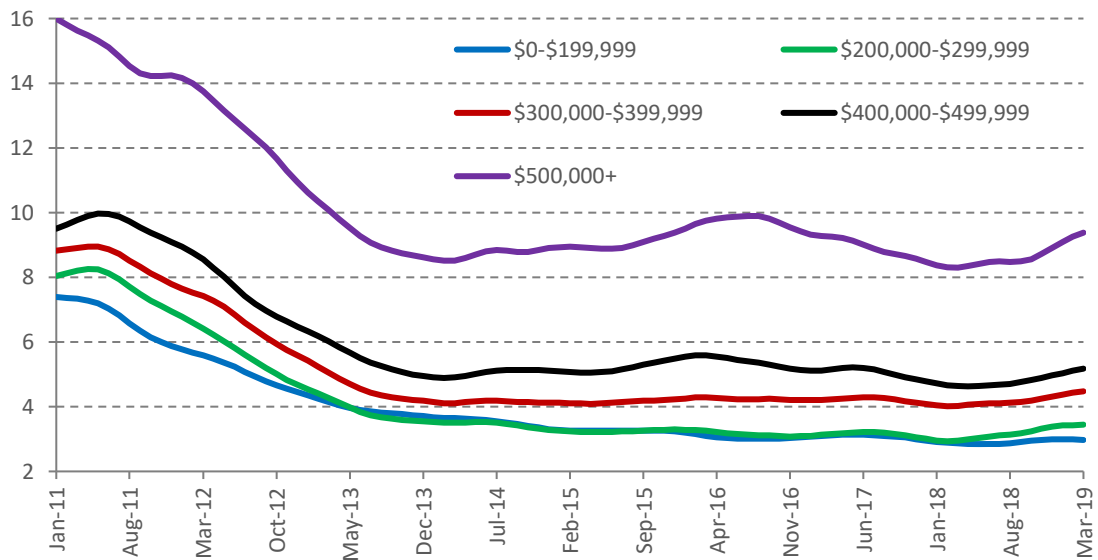


Note: Trend-Cycle Component. Months of inventory for the United States is estimated using weights for all existing homes and new single-family homes; new nonsingle-family homes are not included. Texas includes all existing and new homes.

For more information, see [Months of Inventory](#).

Sources: U.S. Census Bureau, National Association of Realtors, and Real Estate Center at Texas A&M University

### Texas Months of Inventory by Price Cohort (Months)

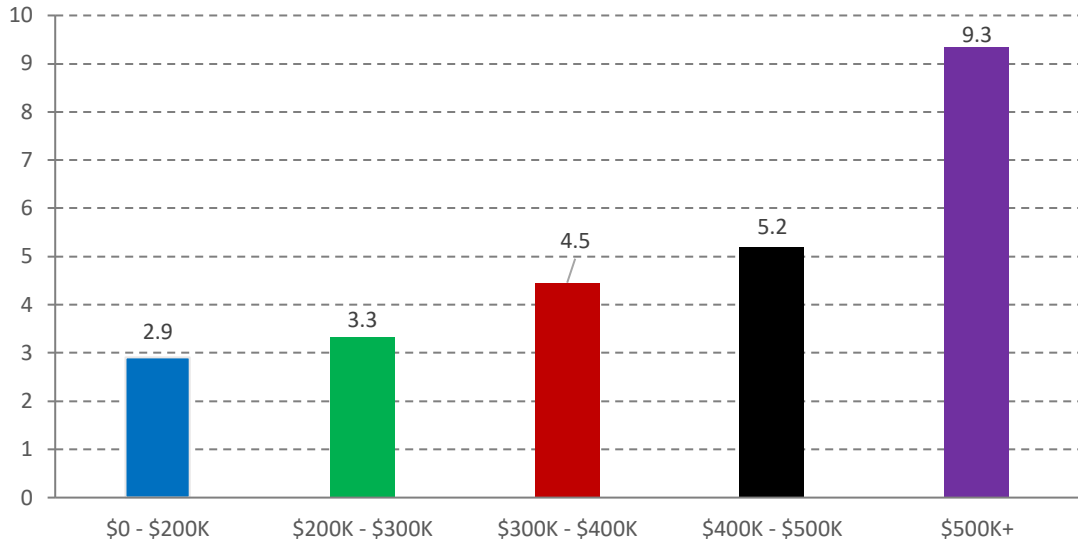


Note: Trend-Cycle Component.

Source: Real Estate Center at Texas A&M University

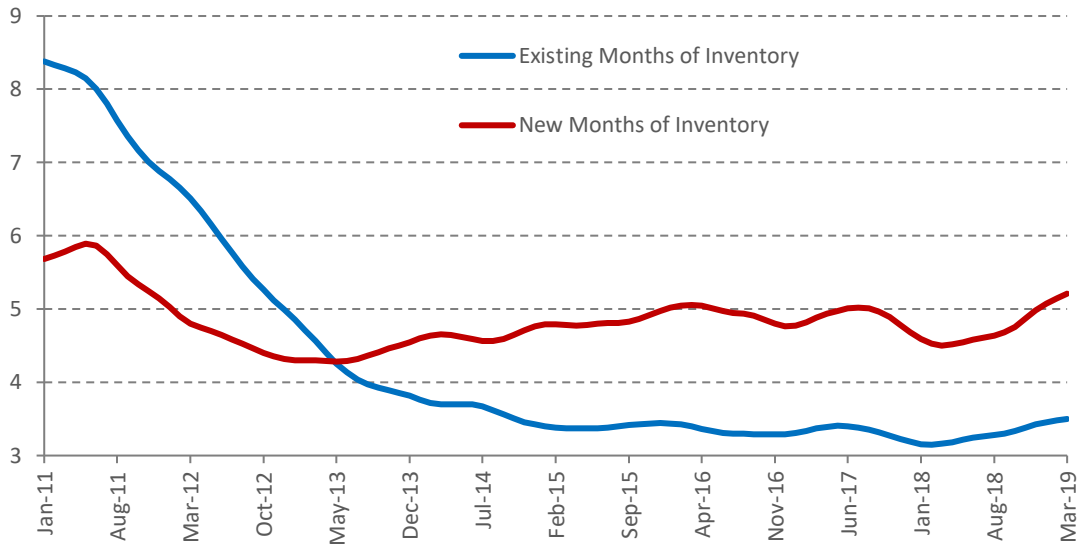


**Texas Current Months of Inventory by Price Cohort  
(March 2019)**



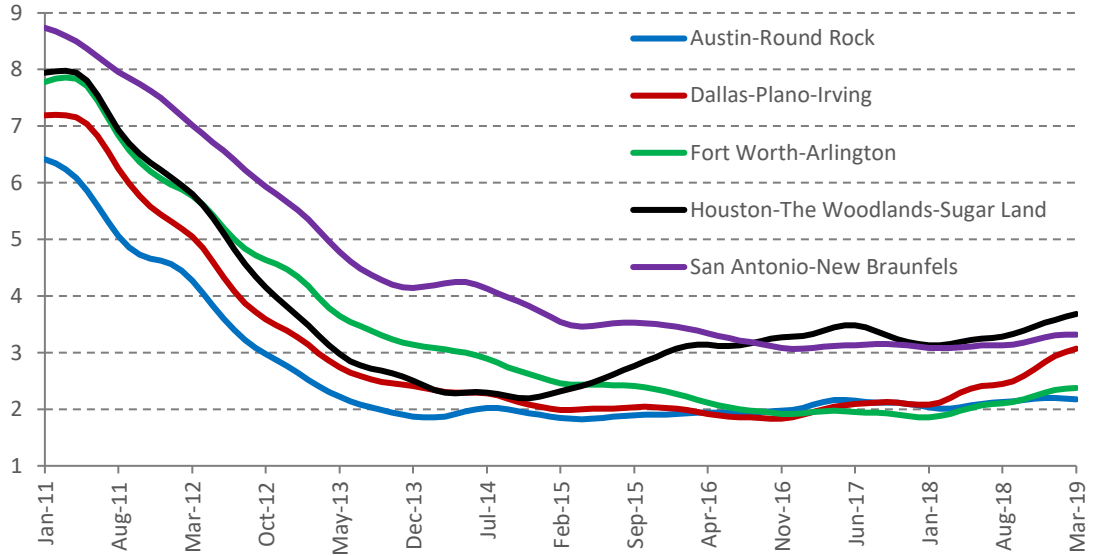
Note: Seasonally adjusted.  
Source: Real Estate Center at Texas A&M University

**Texas Existing and New Home Months of Inventory  
(Months)**



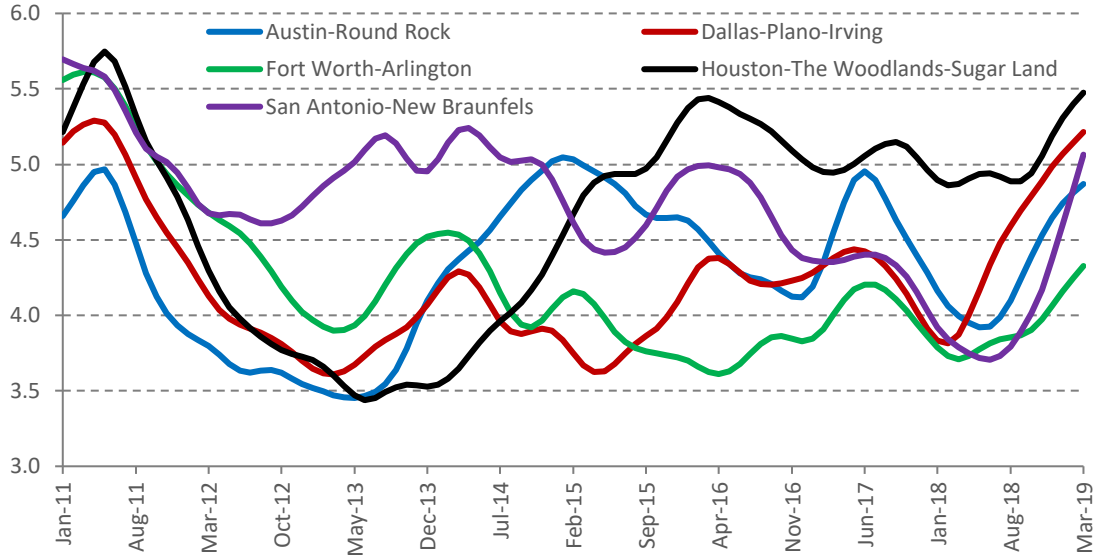
Note: Trend-Cycle Component.  
Source: Real Estate Center at Texas A&M University

### Major Metros Existing Home Months of Inventory (Months)



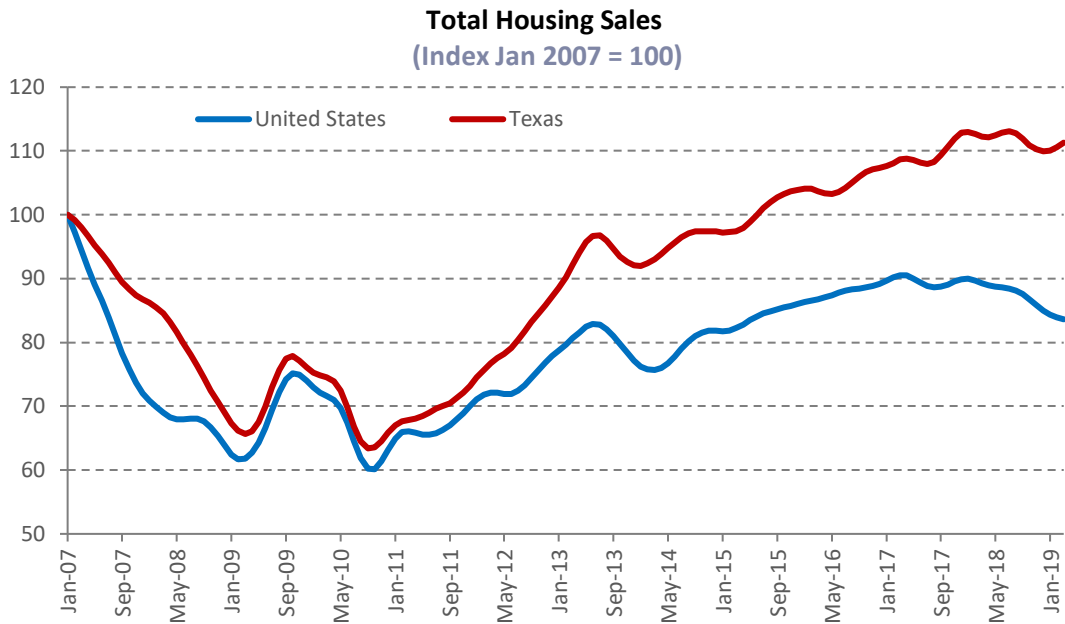
Note: Trend-Cycle Component.  
Source: Real Estate Center at Texas A&M University

### Major Metros New Home Months of Inventory (Months)



Note: Trend-Cycle Component.  
Source: Real Estate Center at Texas A&M University

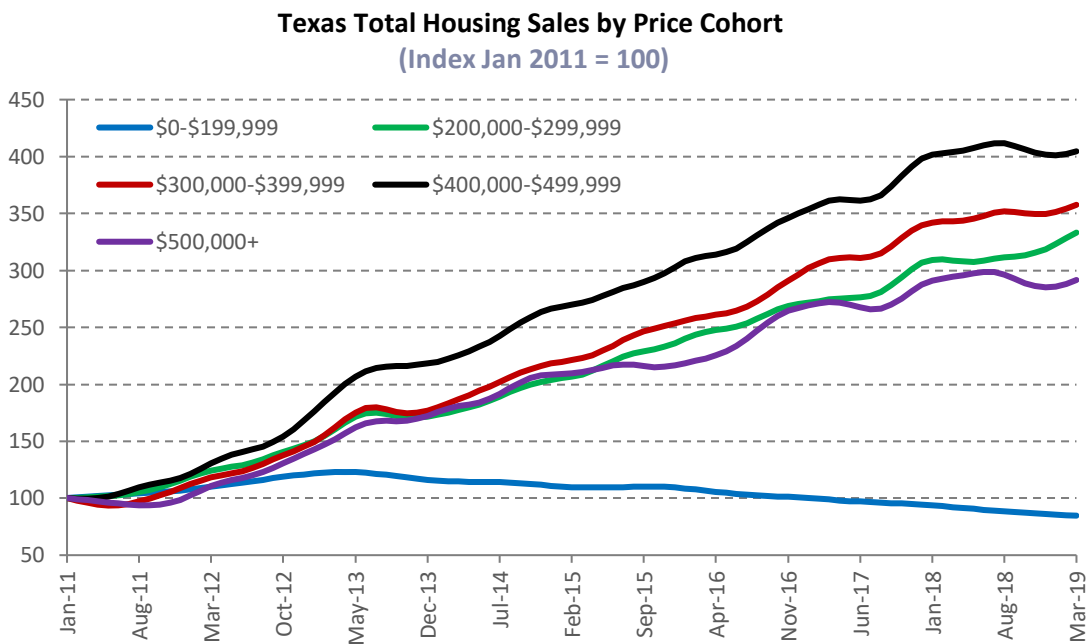
## Demand



Note: Trend-Cycle Component. Sales for the United States include all existing homes and new single-family homes sold through an MLS; new non-single-family homes are not included. Texas includes all existing and new homes.

For more information see [Housing Sales](#).

Source: U.S. Census Bureau, National Association of Realtors, and Real Estate Center at Texas A&M University

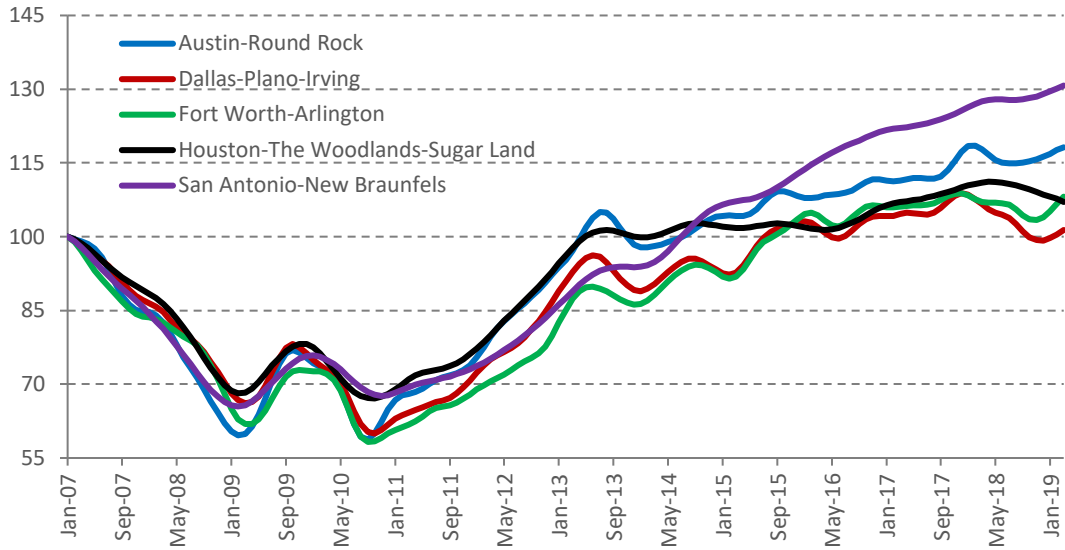


Note: Trend-Cycle Component.

Source: Real Estate Center at Texas A&M University.

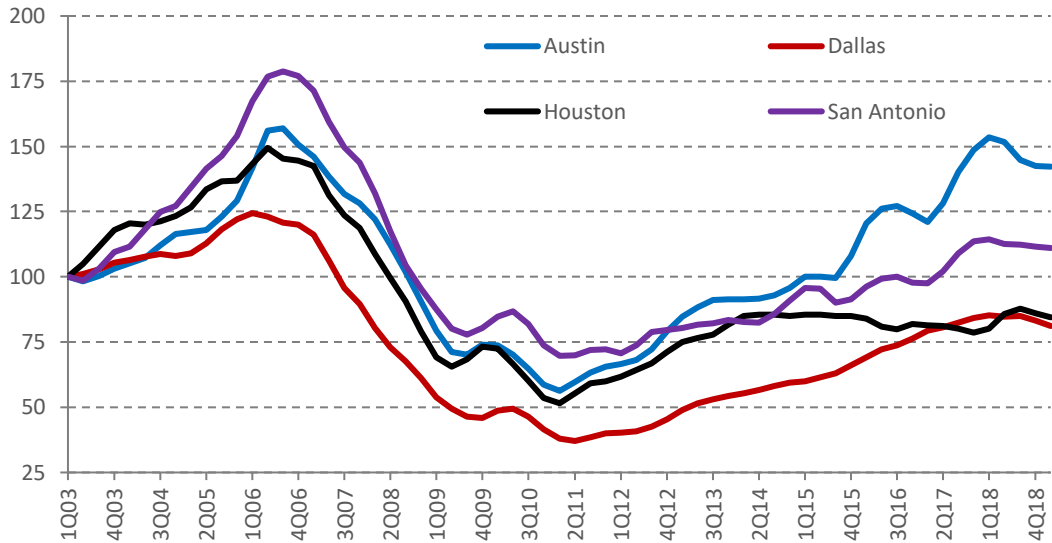


**Major Metros Total Housing Sales**  
(Index Jan 2007 = 100)



Note: Trend-Cycle Component.  
Source: Real Estate Center at Texas A&M University

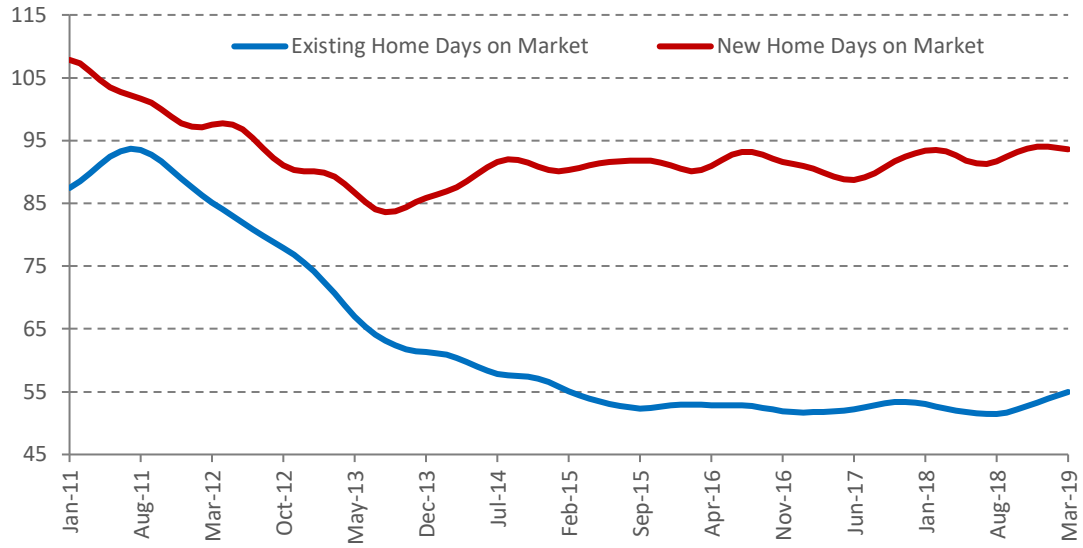
**Major Metros New-Home Sales**  
(Index 1Q2003 = 100)



Note: Trend-Cycle Component.  
Source: Metrostudy

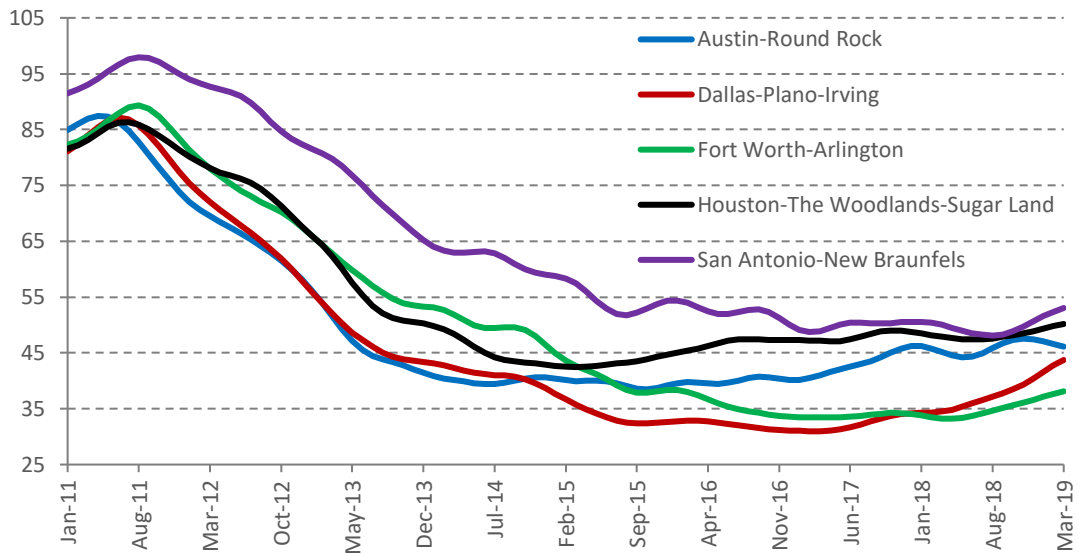


### Texas Homes Days on Market (Days)



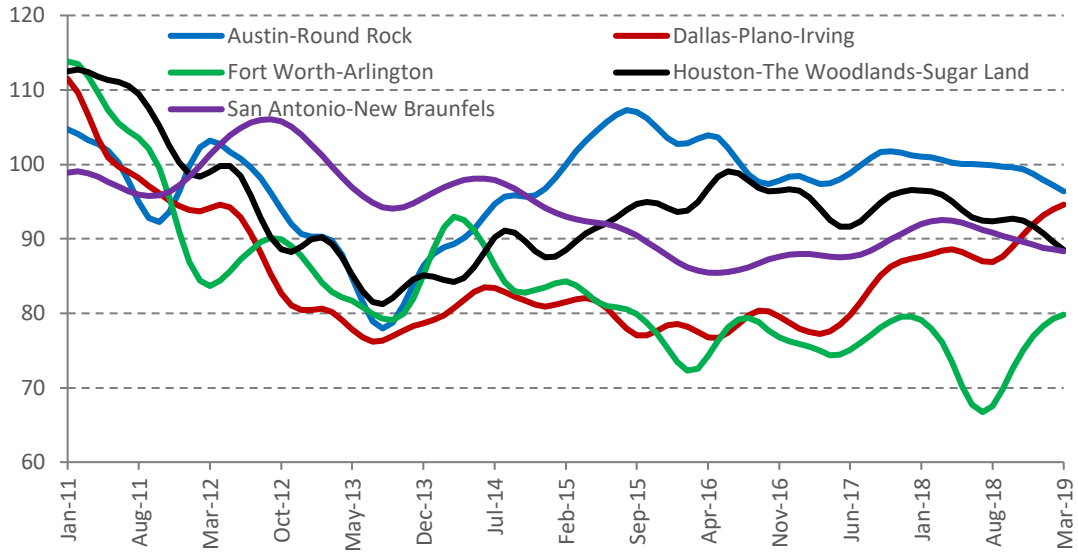
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Major Metros Existing Homes Days on Market (Days)



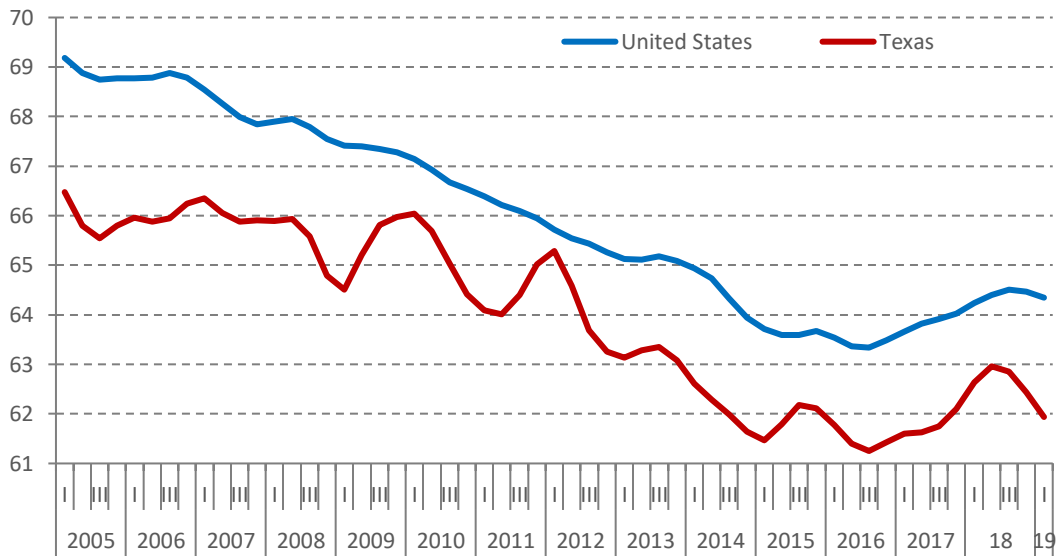
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Major Metros New Homes Days on Market (Days)



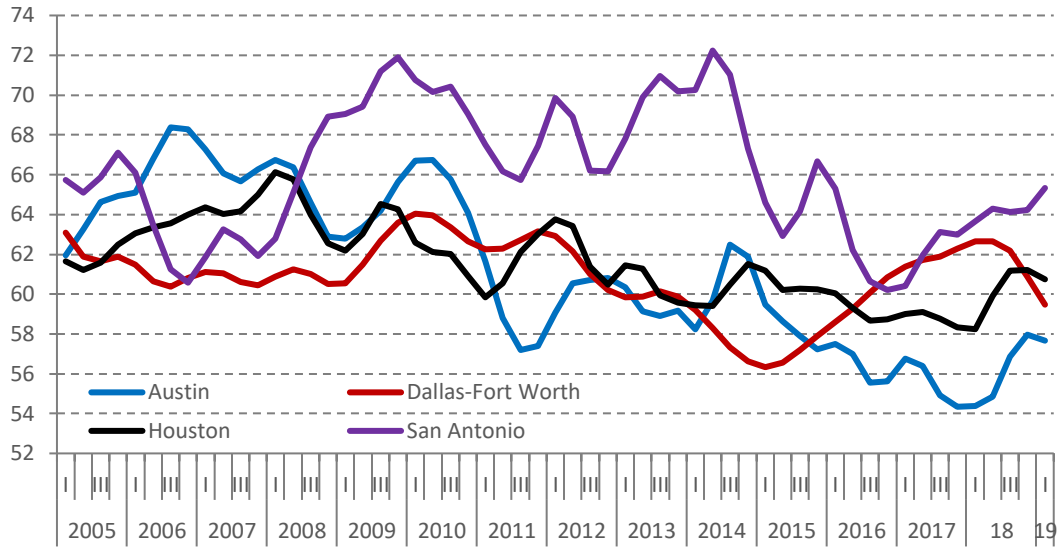
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Home Ownership Rate (%)



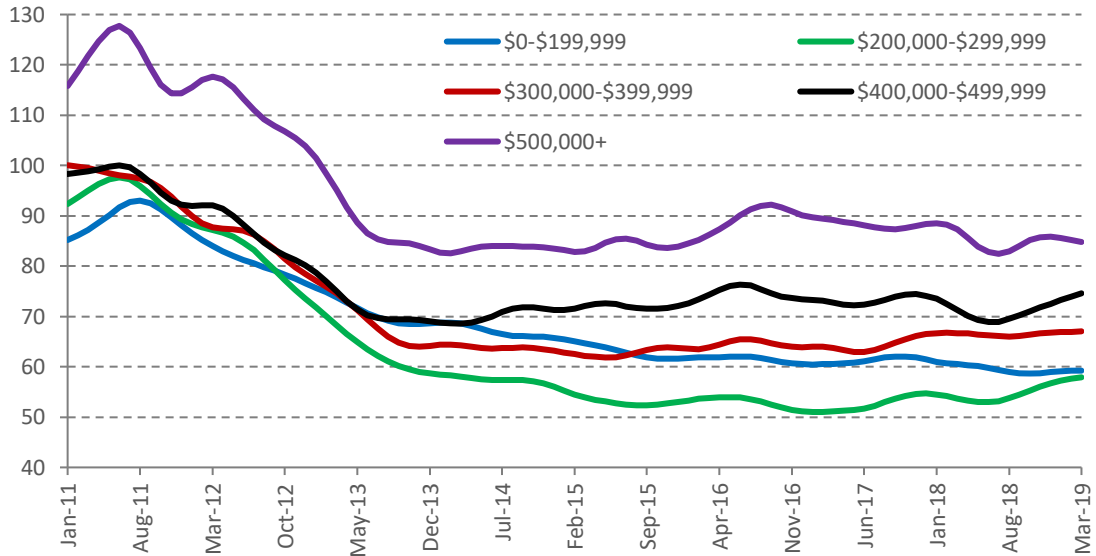
Note: Trend-Cycle Component.  
Source: United States Census Bureau

### Major Metros Home Ownership Rate (%)



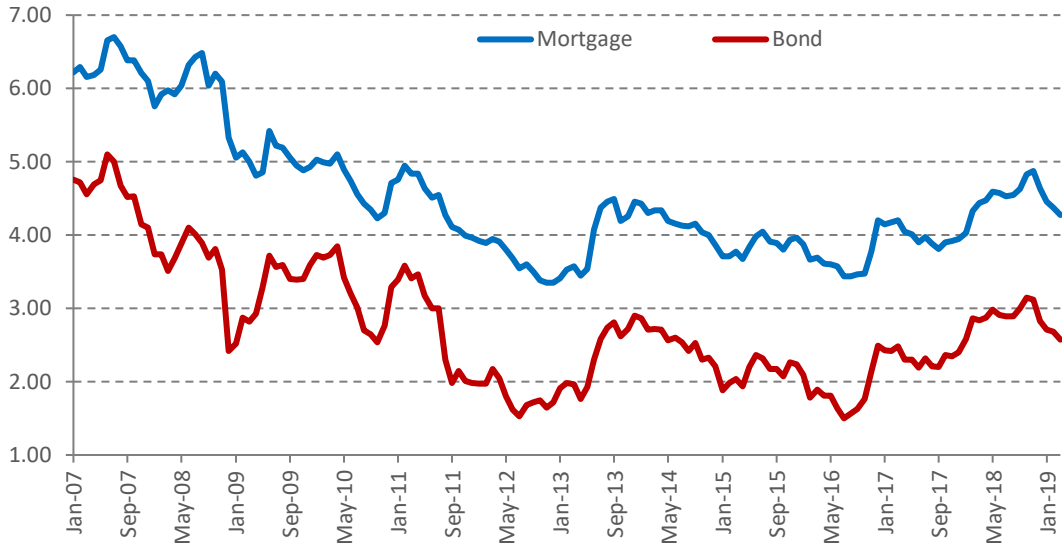
Note: Trend-Cycle Component.  
Source: United States Census Bureau

### Texas Home Days on Market by Price Cohort (Days)



Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

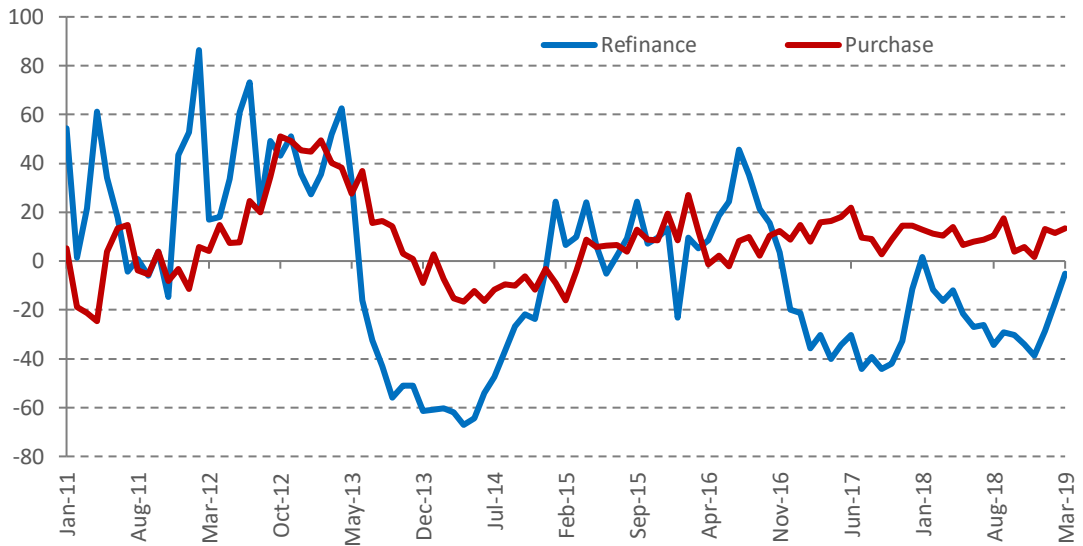
### 30-Year Mortgage Rate and 10-Year Treasury Yield (Percent)



Note: Seasonally adjusted.

Sources: Federal Home Loan Mortgage Corporation and Federal Reserve Board

### Texas Mortgage Applications (Year-over-Year Percentage Change)

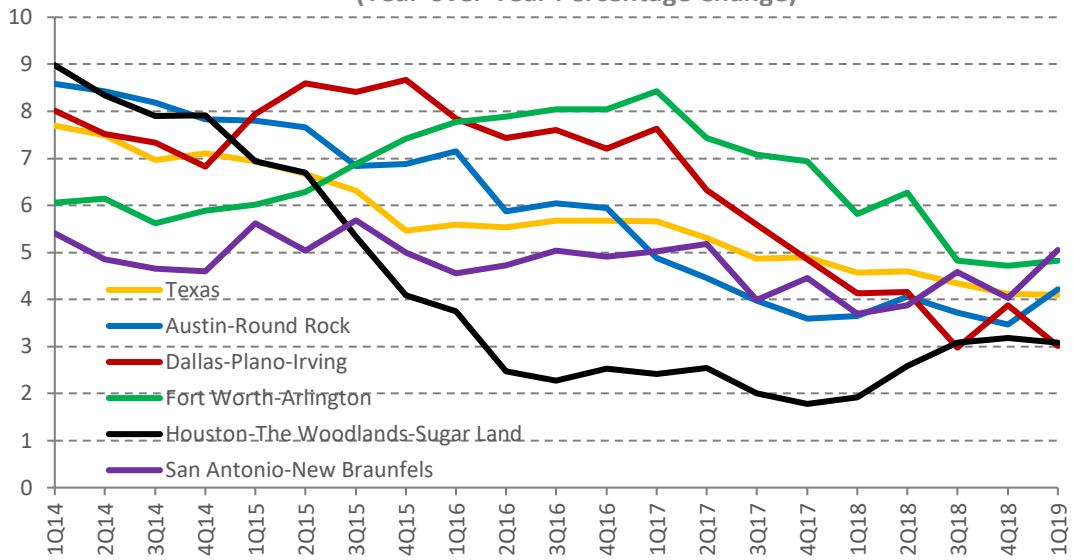


Source: Mortgage Bankers Association



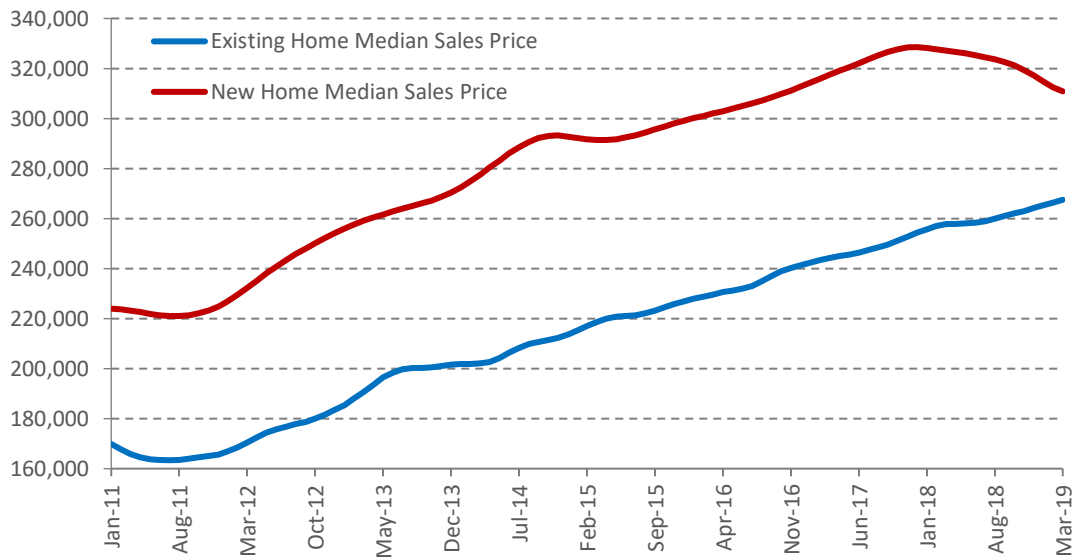
**Prices**

**Real Estate Center Repeat Sales Housing Price Index  
(Year-over-Year Percentage Change)**



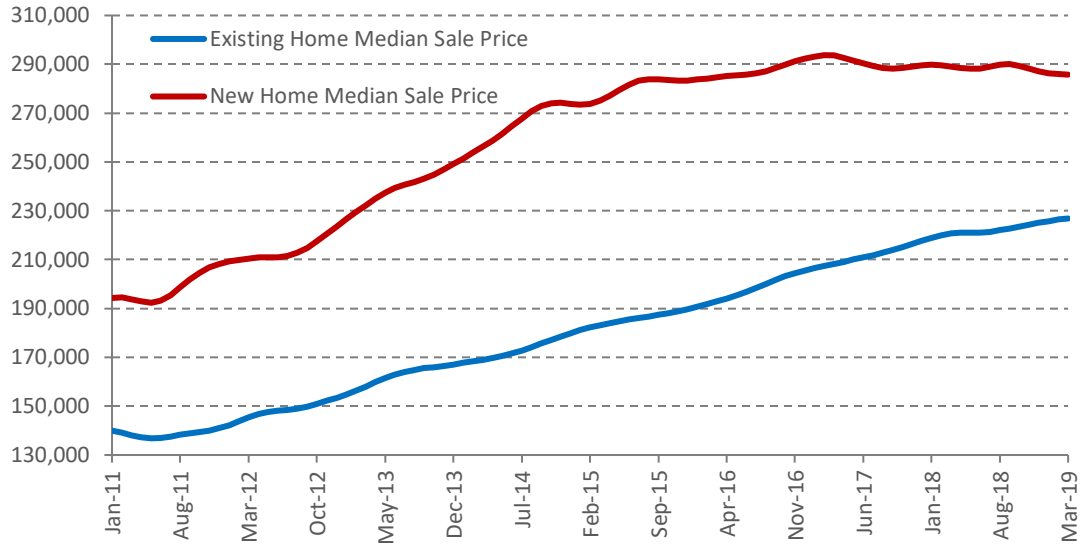
Note: The Repeat Sales Housing Price Index tracks real home price appreciation for residential single-family homes.  
Source: Real Estate Center at Texas A&M University

**United States Existing and New Home Median Sales Price  
(\$)**



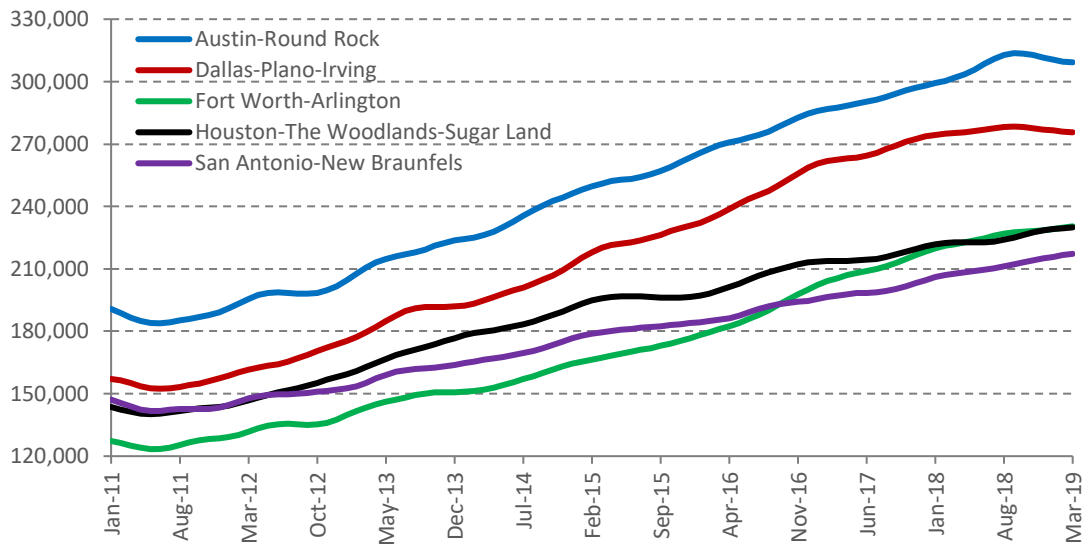
Note: Trend-Cycle Component. For single-family homes.  
Source: Federal Reserve Bank of St. Louis

### Texas Existing and New Home Median Sales Price (\$)



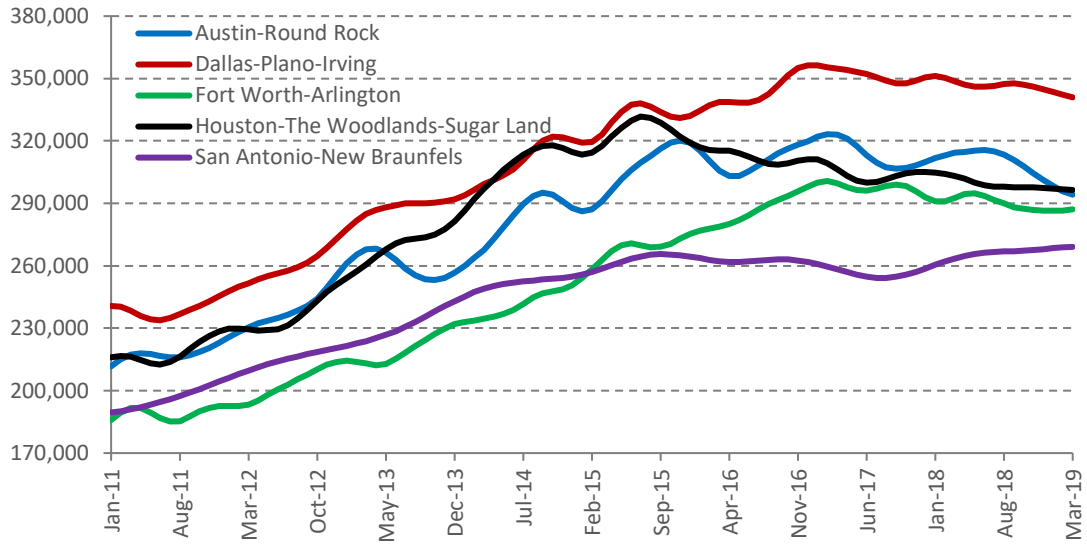
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Major Metros Existing Home Median Sales Price (\$)



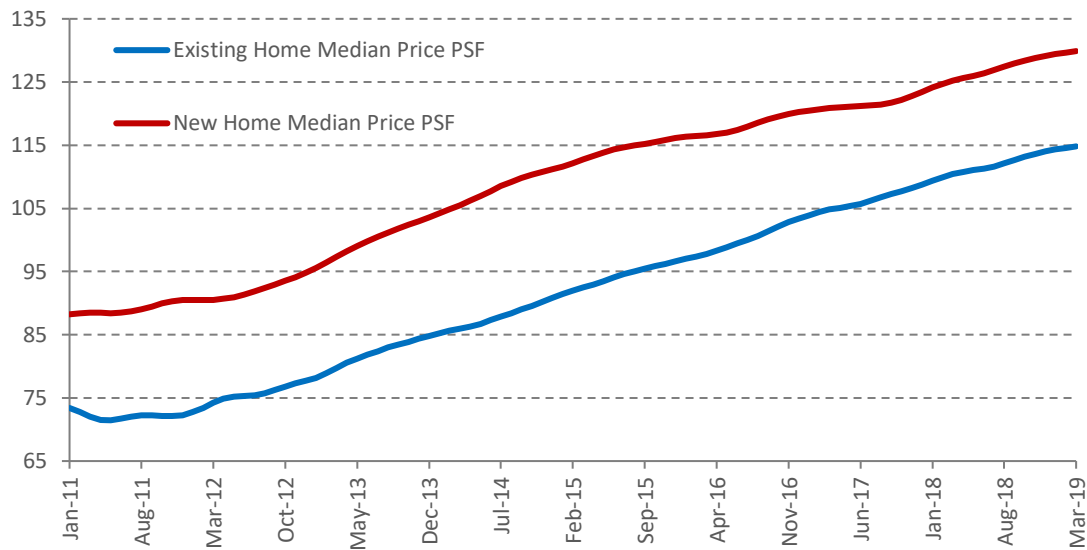
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Major Metros New Home Median Sales Price (\$)



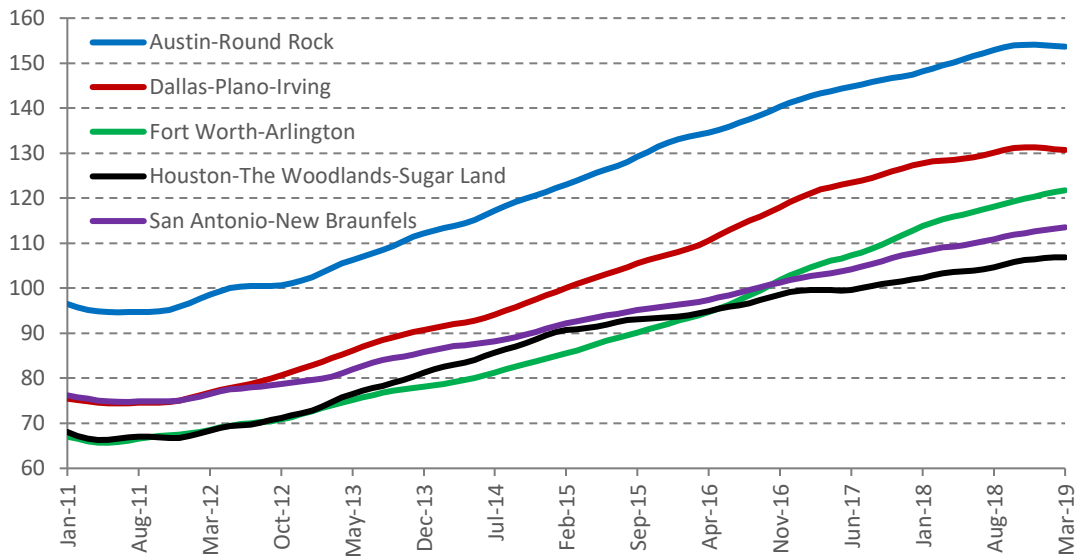
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Texas Home Median Price Per Square Foot (\$)



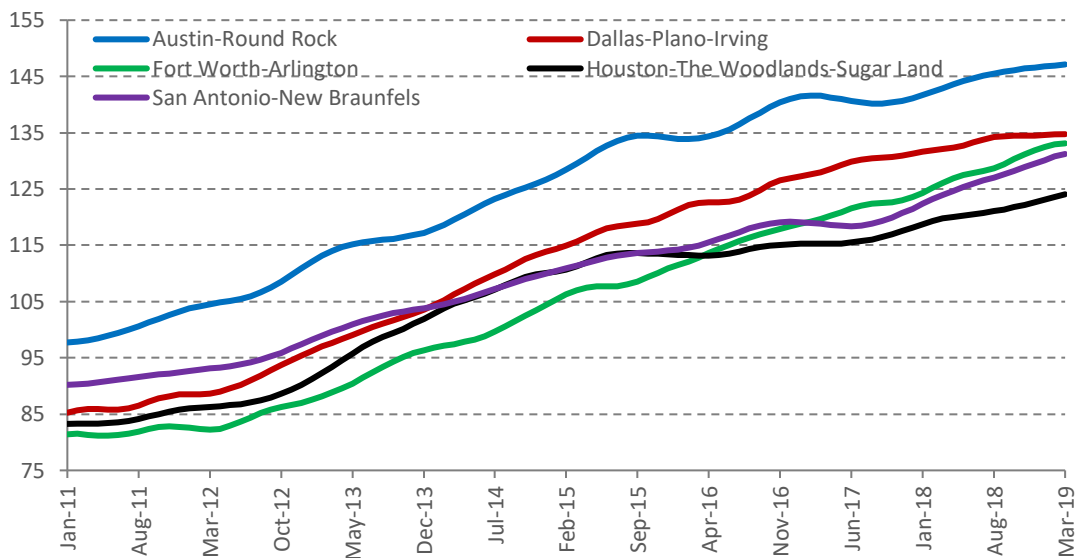
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Major Metros Existing Home Median Price Per Square Foot (\$)



Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

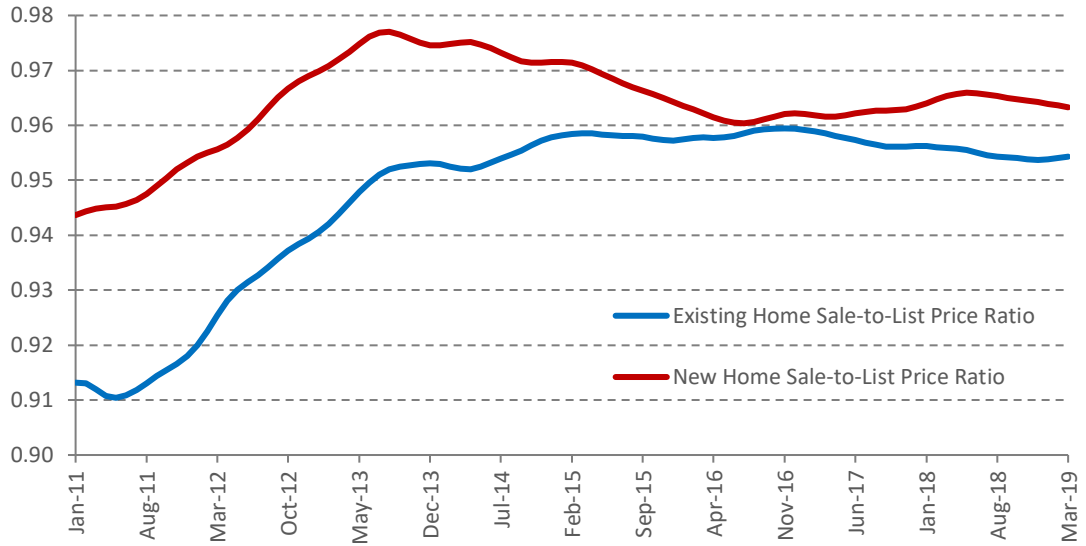
### Major Metros New Home Median Price Per Square Foot (\$)



Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

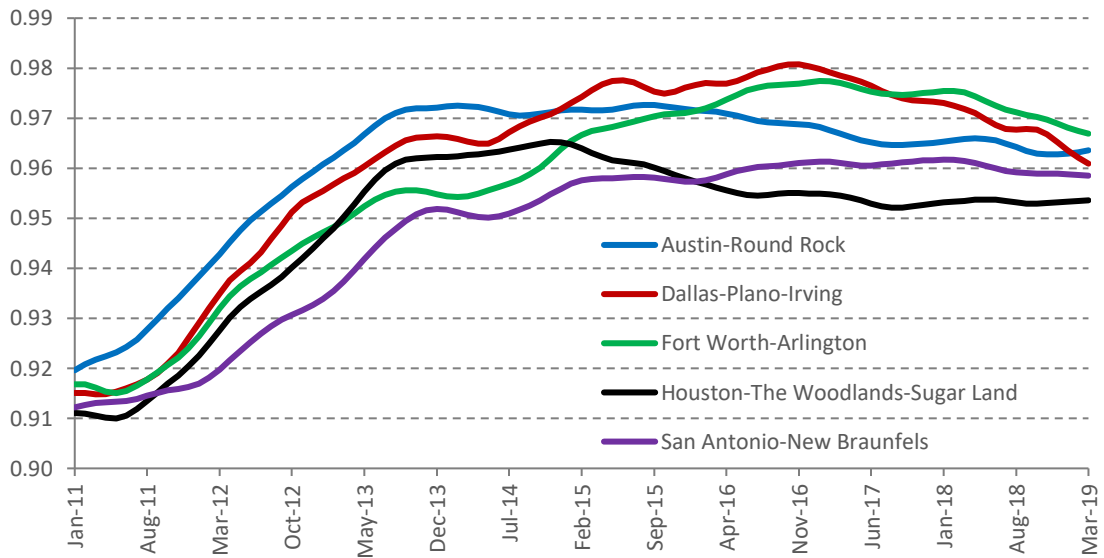


### Texas Home Sale Price to List Price (Ratio)



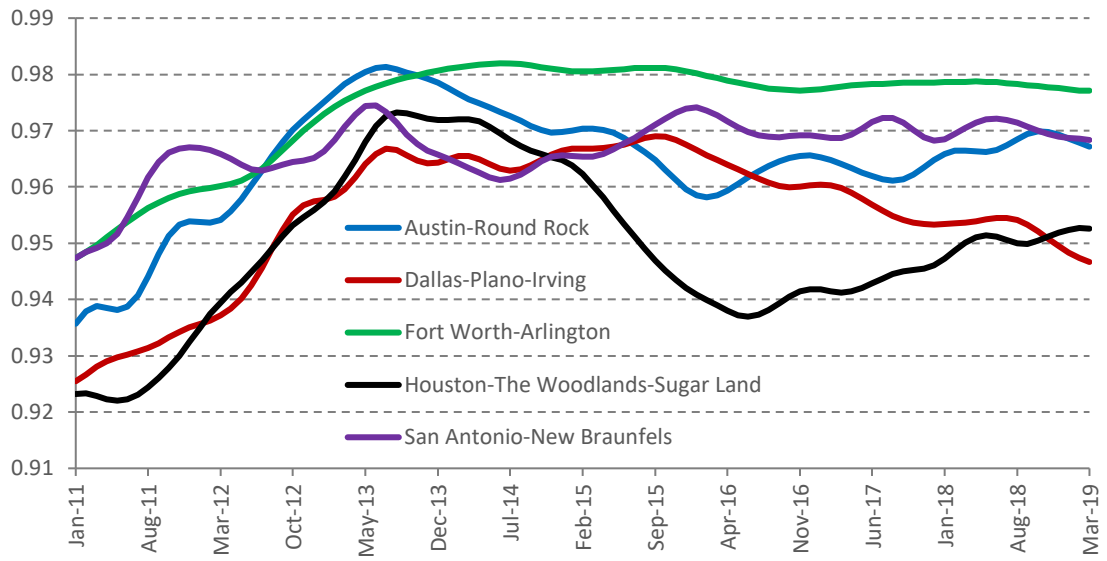
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Major Metros Existing Home Sale Price to List Price (Ratio)



Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Major Metros New Home Sale Price to List Price (Ratio)



Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University



MAYS BUSINESS SCHOOL

Texas A&M University  
2115 TAMU  
College Station, TX 77843-2115

<http://recenter.tamu.edu>  
979-845-2031

**DIRECTOR**

GARY W. MALER

**ADVISORY COMMITTEE**

DOUG JENNINGS, CHAIRMAN Fort Worth	BESA MARTIN, VICE CHAIRMAN Boerne
TROY ALLEY, JR. DeSoto	TED NELSON Houston
RUSSELL CAIN Port Lavaca	DOUG ROBERTS Austin
JJ CLEMENCE Sugar Land	C. CLARK WELDER Fredericksburg
ALVIN COLLINS Andrews	JAN FITE-MILLER, EX-OFFICIO Dallas